



CHESAPEAKE TECHNOLOGY NEWSLETTER

31 Aug 2020



THE CHESAPEAKE GROUP

INVESTMENT BANKING & STRATEGIC ADVISORY

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Note: Market data as of Aug 31, 2020

Section 1:

Fortnightly update

This fortnightly in technology...

Cognizant to acquire Tin Roof Software

Overview:

- On August 25, 2020, Cognizant announced that it had entered into an agreement to acquire Tin Roof Software, a privately-held custom software and digital product development services company.
- The transaction is expected to close in the second half of 2020. Financial details were not disclosed.

About Cognizant:

- Headquartered in Teaneck, NJ, Cognizant is one of the world's leading professional services companies.
- Ranked 194 on the Fortune 500 list of companies, its unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses.

About Tin Roof Software:

- Founded in 2014, Tin Roof Software is a custom software and digital product development services company. It provides software design, development, DevOps, and delivery services.
- It has clients across telecom, media and entertainment, financial services, retail, hospitality, consumer products, travel, logistics, and transportation verticals. Its clientele includes Fortune 500 companies.
- In 2019, Tin Roof was named to Inc. Magazine's Inc. 5000 list. Over the past four years, Tin Roof has also won the Atlanta Business Chronicle Pacesetter Award as one of the Top 100 fastest-growing private companies in Georgia. In addition, Tin Roof has been recognized by the Atlanta Journal-Constitution as one of Atlanta's Top 150 Workplaces.
- It is headquartered in Atlanta, GA and has an additional office in Dallas-Fort-Worth, TX.

Transaction Rationale:

- The acquisition will expand Cognizant's software product engineering footprint in the U.S. and connect Tin Roof's experts with Cognizant's broader global software development capabilities.
- In 2018, Cognizant acquired Austin, Texas-based Softvision, a leader in developing custom digital products using unique collaborative engineering methods. Upon completion of the transaction, Tin Roof's experts will join Cognizant Softvision.
- Commenting on the transaction, Malcolm Frank, President, Digital Business, Cognizant said, *"To compete effectively, clients are replacing traditional application development with digital engineering to build leading-edge, consumer-grade experiences and infuse software into their products, services, and customer experiences. Cognizant is investing to compete and win in digital engineering, one of our strategic priorities. Tin Roof's exceptional software product development and agile teams share our philosophy of customer-centricity and will strengthen our network of engineering talent in the U.S. We look forward to welcoming Tin Roof's software product engineering experts to Cognizant."*

Section 2:

Recent news and press releases

Recent news excerpts – Company specific

Infosys inks five-year deal with Genesys – Mint

Aug 27, 2020 – IT services major Infosys said it has signed a five-year deal with cloud customer experience and contact centre solutions provider, Genesys. The five-year partnership with Genesys enables both companies to develop and deploy innovation and best-in-class solutions in the customer experience market, a statement said. As a part of the partnership, Infosys will bring to market Genesys' contact center solutions. "Clients of both organisations stand to benefit from the enhanced capability that will come from a combined investment in innovation, a broader ecosystem of strategic partners and a shared commitment to delivering world-class customer experiences," it added. In addition, Infosys will leverage and support Research and development (R&D), operations and customer service for Genesys PureConnect, it said.

Accenture to lay off 5% global workforce; 10,000 in India at risk of losing jobs – Hindustan Times

Aug 27, 2020 – Accenture is expected to lay off at least 5% of its global workforce due to the Covid-19 crisis, the firm told The Australian Financial Review (AFR). According to the AFR report, in an internal global staff meeting CEO Julie Sweet said despite cutting subcontractors and halting fresh recruitment, the company still needed to reduce numbers as the pandemic had taken hold. "In a normal year, we transition out about 5% and we hire to replace them, because we are in a demand scenario," Ms Sweet was quoted as saying in the meeting. "Right now, we're not in a demand scenario, so if we manage out the same percentage of people and don't replace them, it allows us to continue to invest and preserve some people who have lower chargeability for when the market comes back," she reportedly said at the meeting in mid-August. India has the largest Accenture employee base of over two lakh employees and following the decision to fire 5% staff, at least 10,000 people stand the risk of losing their jobs.

HCL sets up its first European Cybersecurity Fusion Center in Sweden – Business Standard

Aug 27, 2020 – IT services major HCL Technologies said it has set up its first European Cybersecurity Fusion Center in Gothenburg, Sweden. HCL Technologies' Cybersecurity Fusion Center (CSFC) is a state-of-the-art security operation and response facility, integrating multi-domain security teams, processes and cutting-edge analytics - enabling organisations to detect threats faster and resolve incidents efficiently, it said in a statement. The Gothenburg CSFC further strengthens HCL Technologies' global innovation drive, adding to the cybersecurity capabilities of its existing network of five CSFCs across North America and Asia, it added. HCL Technologies (HCL) noted that the rapid shift to remote working for many organisations due to the COVID-19 pandemic has led to the emergence of new threats, forcing IT teams to rewrite their security playbooks.

Wipro and Quaternion partner to launch Standard Initial Margin Model (SIMM) Solution – Business Standard

Aug 24, 2020 – Wipro announced a partnership with industry-leading Standard Initial Margin Model (SIMM) vendor, Quaternion Risk Management. As part of the collaboration, Wipro will offer SIMM-in-a-box to financial institutions covered under Uncleared Margin Rules (UMR). The offering will allow financial institutions to calculate trade sensitivities, generate CRIF (Common Risk Interchange Format) file and calculate initial margin in-house. The solution simplifies compliance procedures by including back testing, benchmarking and preparing documentation required for regulatory approval. It also offers independent model validation of a firm's own internal SIMM solution, AANA (Aggregate Average Notional Amount) calculation, and Initial Margin exchange threshold calculation/simulation. The partnership aims to provide cost efficiencies and seamless integration with clients' internal systems, while maintaining full control over sensitive trade information.

NIIT Technologies rebranded as Coforge Ltd – Mint

Aug 24, 2020 – NIIT Technologies announced that the company has begun operating under a new name Coforge Limited with a newly designed logo. The rebranding exercise comes after the change of its ownership last year to Baring Private Equity Asia. Started in 1981, the mid-tier IT firm has an annual revenue of \$600 million currently. The company said that the word 'Coforge' stands for working together to create lasting value. The brand logo, manual and all aspects of the brand design were developed internally by company's creative, digital and marketing teams. "Our 11,000 technology and process consultants engineer, design, consult, operate and modernize systems across the world and we are one of the fastest growing IT services firms in the world. In keeping with the growth of and changes within our firm, we've now decided to change our name and assume a new one - Coforge," said Sudhir Singh, chief executive officer, Coforge Ltd.

Recent news excerpts – Company specific (cont'd)

The Spanish Ministry of Health and AENA choose Atos to manage the health control form process for all passengers flying to Spain – Press Release

Aug 20, 2020 – Atos, a global leader in digital transformation, has been chosen by the Spanish Ministry of Health and the Spanish airport operator AENA to manage the key health and travel information of all passengers flying to Spain. The digital solution, developed and managed by Atos, is called “Spain Travel Health” (SpTH). It gives travelers digital access to the mandatory health control form and provides them with a personal QR Code that will be scanned at the airport upon arrival in Spain. This solution puts Spain at the technological forefront of health and safety control and protection of passengers and citizens worldwide. Atos’ solution provides the Ministry of Health with the contact details of each passenger, as well as specific information about their flight and travel, in order to improve tracking capabilities, establish individual or group contact if necessary and perform statistical analysis targeted at improving health protection.

Infosys bets on cloud business with launch of Cobalt – Mint

Aug 20, 2020 – As part of its strategy to grow its cloud business, Infosys has launched Infosys Cobalt, a set of services, solutions, and platforms to help its clients, mostly large enterprises, build new cloud-first capabilities. Cobalt helps enterprises create “seamless experiences” in public, private and hybrid cloud, across platform-as-a-service (PaaS), software-as-a-service (SaaS), and Infrastructure-as-a-service (IaaS) landscapes, Infosys said. “With Cobalt’s community leverage, enterprises can rapidly launch solutions and create business models to meet changing market needs while complying with the most stringent global, regional and industry regulatory and security standards,” the Bengaluru-headquartered firm said.

Wipro implements blockchain platform for energy sector with Uniper – Economic Times

Aug 20, 2020 – Wipro has implemented a blockchain-based small-scale liquefied natural gas (ssLNG) trading platform for energy major Uniper Global Commodities SE and its 100% LNG-for-trucks subsidiary, Liqvis GmbH. The platform, built and implemented jointly by Wipro and Uniper, uses a consortium model for all ssLNG market participants to help transform the trading market space to bring in efficiencies and “significant” cost savings for traders. The Bengaluru-headquartered IT services exporter said the platform is aimed to simplify the commodity supply chain and enable growth of the logistics-heavy decentralized LNG-for-trucks business. The platform involves multiple peer-to-peer trading cycle participants, enables order and supply placement, delivery of goods, validation of the state of goods and bill settlements.

Mphasis partners with iMeta Technologies to build a next gen KYC solution for the financial industry – Press Release

Aug 19, 2020 – Mphasis today announced its strategic partnership with UK-based software company iMeta Technologies Ltd, a leading provider of onboarding, client lifecycle and master data management software and services for global, regulated organisations. Working together to deliver a new advanced solution for the onboarding / KYC industry, the partnership offering will focus primarily on the UK and Europe region. Financial Services Institutions (FSIs) have a growing legal and social responsibility to prevent money laundering and other forms of financial crime. Businesses are now expected to provide increased levels and variants of information to ensure compliance is met, and the need for good client data management is even greater for organisations with multiple banking relationships. To mitigate these risks, the FSI industry is turning to KYC (Know Your Customer) solutions to help them streamline their customer onboarding.

Birlasoft announces global strategic cloud partnership with Microsoft – Business Standard

Aug 18, 2020 – CK Birla Group IT firm Birlasoft announced a global strategic cloud alliance with Microsoft. The collaboration will allow Birlasoft to support its enterprise clients with their cloud transformation needs, right from infrastructure to business applications. The company said it intends to grow its Microsoft cloud business to \$100 million with this partnership. Birlasoft has been a Microsoft Gold partner for 10 years now. “Birlasoft empowers our customers to harness the full power of digital by combining enterprise applications with the most modern platforms, software and digitalization processes,” said Dharmender Kapoor, CEO at Birlasoft. “Through this cloud alliance with Microsoft, our customers can expect an even broader range of solutions, delivered at a continually faster pace, which will accelerate the execution of their digital transformation strategies.”

Recent news excerpts – Industry

Moneycontrol
Aug 26, 2020

IT sector will continue to be an attractive destination for job seekers: TCS CEO Rajesh Gopinathan

The IT sector will continue to be an attractive destination for job seekers as demand for technology will only increase in the post pandemic world, said Rajesh Gopinathan, CEO, Tata Consultancy Services (TCS). Speaking at the live interaction organised by LinkedIn on August 26, Gopinathan said, "The employment potential of India's IT sector will continue to be quite strong and will relatively keep growing in pace with where we see the opportunity (because) demand for talent and services are only going to explode, given the role that technology is playing today and in future." Gopinathan pointed out that demand for digital has only increased over the last five months and companies like TCS are the forefront to take advantage of this demand, according to Kotak Institutional Equities report.

Mint
Aug 25, 2020

WFH helps IT sector win deals, not a long-term revenue driver, says industry

IT companies reported strong deal wins in the first quarter, offering large scale work-from-home solutions to existing and new customers. While it is an integral part of the business now, it does not look likely to be a revenue driver in the long term, although it could be a necessity to demonstrate resilience, say companies. The solutions include video-conferencing tools, employee productivity and monitoring tools, networking and communication tools as well as solutions to secure these communications which are connecting to company servers from multiple employee devices. Traditionally, the IT sector has invested heavily on productivity monitoring tools only for client billing purposes. The pandemic has helped them not only offer this solution to clients but also enhance it for more dynamic use. In many cases, these solutions are also helping clients track employee sentiments, attention span and wellness.

Business Today
Aug 20, 2020

How global financial giants can help BFSI recovery of Indian IT firms

Large global banks and financial institutions bring a third of the revenues to large Indian IT companies such as TCS, Infosys, Wipro, and HCL Tech. Though most companies continued to see pandemic-related softness in banking, financial services and insurance (BFSI) vertical in early months of Q1, management commentary exuded optimism. During the earning call, Infosys COO Pravin Rao pointed out that though the company saw some drop initially, it started seeing fast recovery in business volumes and deals as the quarter progressed. "This was particularly in the US and APAC. On the negative side, we continue to see some softness in the capital markets and cards and payment sector," he said. Likewise TCS also said the BFSI revenue decline of 4.9% in Q1 was largely due to pandemic-related softness in UK and Canada, apart from which, revenues in BFSI held up well in other markets.

Financial Express
Aug 18, 2020

Data, artificial intelligence can add USD 450-500 billion to India's GDP by 2025: NASSCOM

Data and AI can add USD 450-500 billion to India's GDP by 2025, representing about 10% of the USD 5 trillion economy aspiration of the Indian government, a report by industry body NASSCOM. Nearly 45% of this value is likely to be delivered by 3 sectors – consumer goods and retail (USD 90-95 billion), agriculture (USD 60-65 billion), and banking and insurance (USD 60-65 billion), the report said. The report – titled Unlocking Value from Data and AI – presented an action plan with five key building blocks to promote increased data utilisation and adoption of AI, including strategy, data, technology stack, talent and execution. It emphasised that datasets of national importance be identified with each ministry with specific use cases, a programme to create a marketplace of data and derived assets be created, and a central agency be established for defining and enforcing data standards.

Mint
Jun 17, 2020

Covid fear aids cybersecurity business worldwide

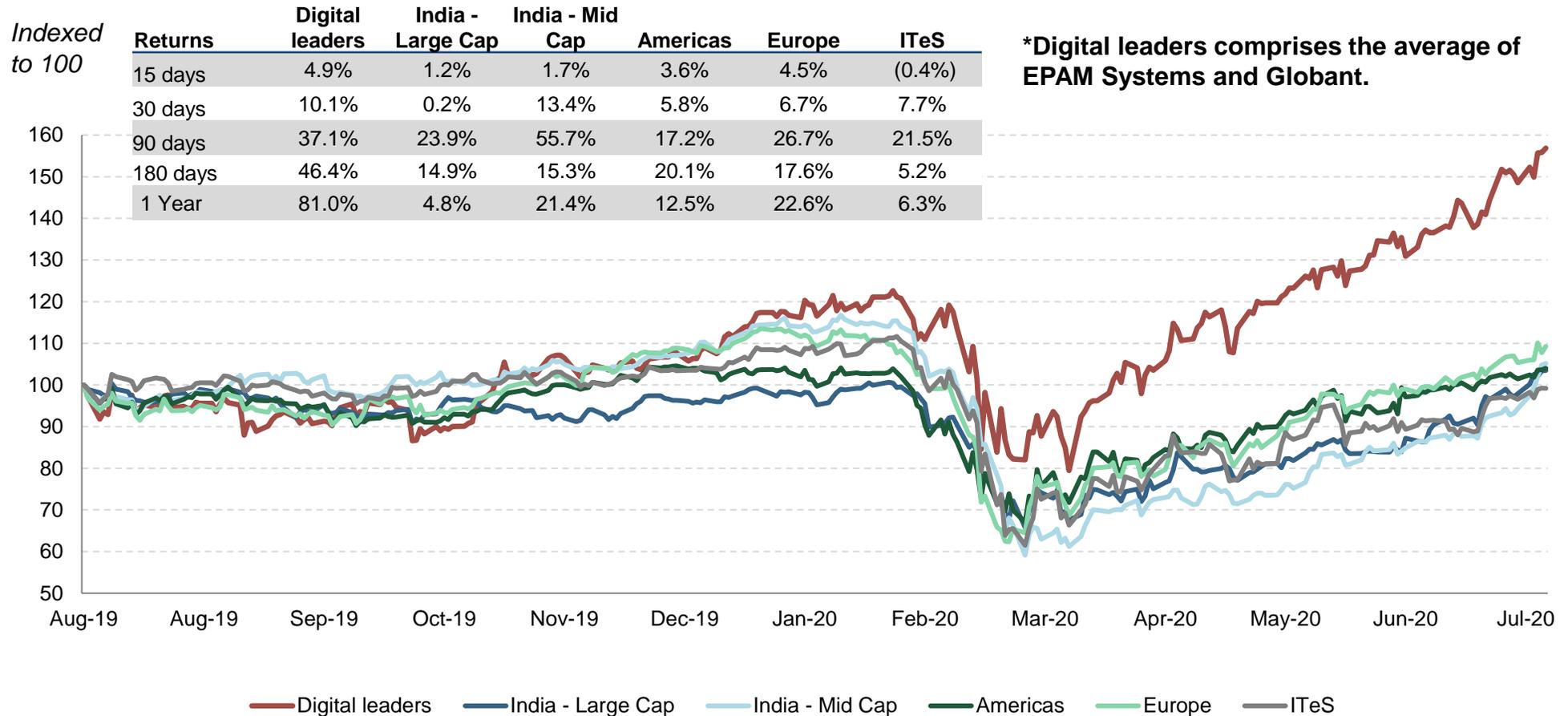
The Covid-19 pandemic has given a shot in the arm to startups offering cybersecurity products as businesses seek to thwart remote work threats, particularly with companies allowing their employees to work from home. Startups Lucideus, WiJungle, Uniken, Kratikal and others are creating products for businesses and governments both in India and globally in a boost to the industry. Palo Alto-based Lucideus, incubated at IIT-Bombay in 2012, enables enterprises to measure and mitigate their cyber risks in real-time. "The June quarter has been one of the best quarters for our company. We have won multiple Fortune 50 logos, which are now using our platform. However, while order and revenue bookings are at an all-time high, cash collection has been a challenge," said Saket Modi, co-founder and CEO, Lucideus.

Section 3:

Valuation overview

Share price evolution – IT / ITeS companies

Over the past 15 days, the valuation for Indian large cap as well as mid cap IT companies increased by c. 1% and c. 2%, respectively. Shares of Birlasoft soared c. 14% after it announced a global strategic cloud partnership with Microsoft which will allow Birlasoft to support its enterprise clients with their cloud transformation needs.

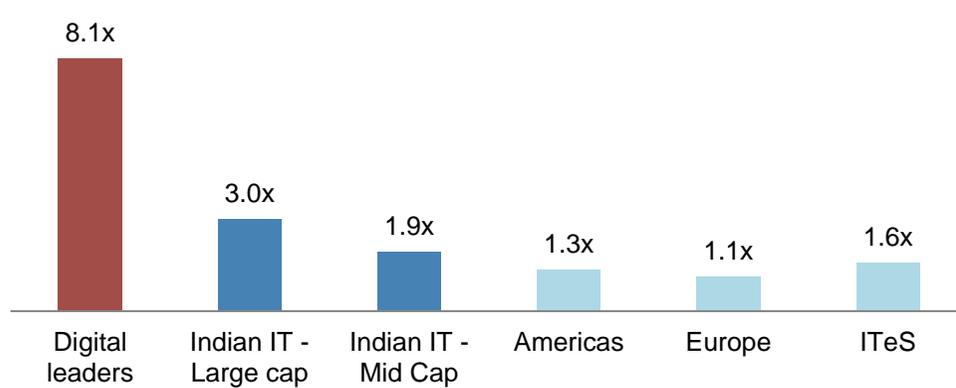


Source: Capital IQ

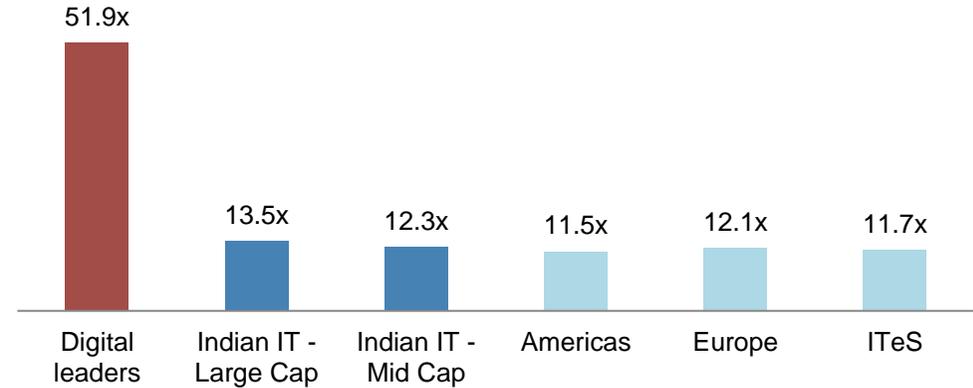
Note: For every parameter, we have used market capitalization of the companies in each segment (composition of each segment can be seen in the appendix)

Valuation summary

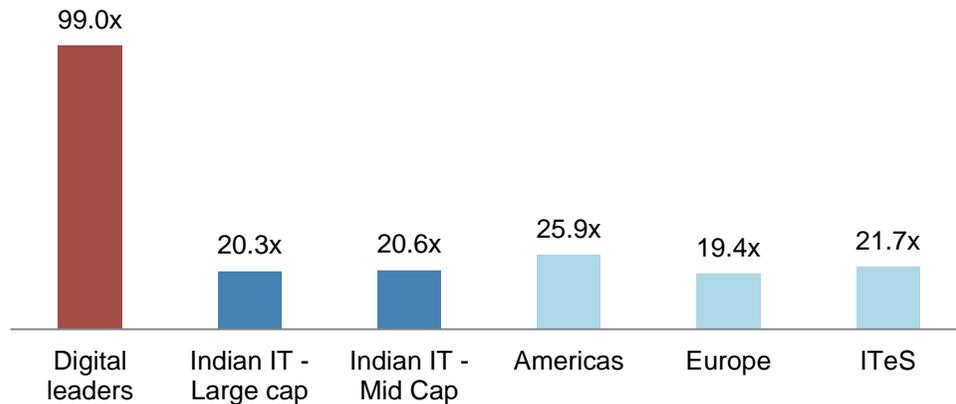
EV / LTM Sales



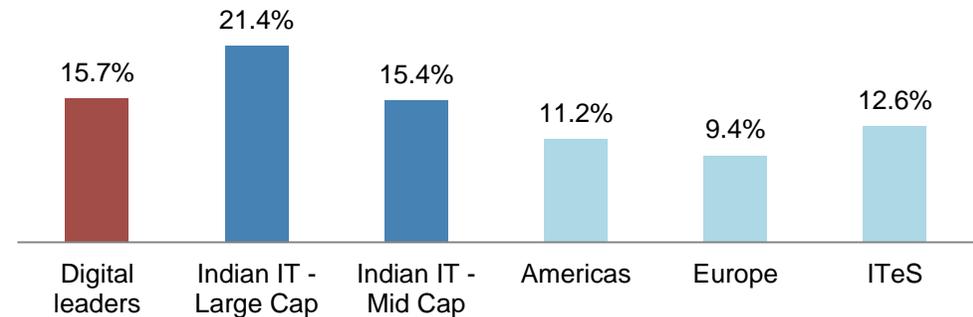
EV / LTM EBITDA



P / E (LTM)



LTM EBITDA Margins



***Digital leaders comprises the average of EPAM Systems and Globant.**

Source: Capital IQ

Note: For every parameter, we have used market capitalization of the companies in each segment (composition of each segment can be seen in the appendix)

Key transactions in August

Overview

Aug -20

CYIENT



- Target country – Australia
- Deal size – \$9m
- EV / Sales – 0.8x

Target business description

- Founded in 2012, Integrated Global Partners is a management consulting company.
- It offers end-to-end services across the entire business value chain with the help of scalable IP and methodology that it has developed.
- Its customers include large mining players comprising multiple Fortune 500 companies.
- It has over 70 employees.
- It is headquartered in East Melbourne, Australia.

Transaction rationale

- The acquisition strengthens Cyient's digital capabilities in the energy and mining industry.
- It will enable customers to take advantage of the growing convergence of operational and information technologies by leveraging the synergies between Cyient's proven ability in operational efficiency, asset optimization, and digital transformation, and IG Partners' value creation and transformation in asset and capital-intensive industries.
- The transaction will result in Cyient taking full ownership of the global partnership.

Aug -20



- Target country – Denmark
- Deal size – NA
- EV / Sales – NA

- Founded in 2014, Inviso is a data consulting company.
- It provides data visualization, BI and advanced analytics services.
- The company is a Tableau Gold Partner and an Alteryx Premier Partner.
- **Key clients:** Adidas, Nordea
- The company has 67 employees.
- It is headquartered in Copenhagen, Denmark.

- The acquisition will strengthen Devoteam's data analytics, data visualization and BI capabilities.
- Devoteam acquired 70% stake in Inviso.
- Financial terms of the transaction were not disclosed.
- This is Devoteam's second acquisition in the data & analytics space in as many years.
- In September last year, Devoteam announced that it had acquired Spanish data management consulting company, PowerData Solutions.

Aug -20

NTT DATA



- Target country – United States
- Deal size – NA
- EV / Sales – NA

- Founded in 2012, Acorio is a ServiceNow consulting company.
- It provides ServiceNow consulting, implementation and support services.
- Its clients include Fortune 500 companies.
- It has c. 250 employees.
- It is headquartered in Boston, MA and has nine regional hubs across the U.S. and an international presence in Spain and Australia.

- With this acquisition, NTT DATA will add unparalleled breadth and depth of experience in the fast-growing ServiceNow ecosystem and unique industry approaches to help clients enable automated and intelligent digital workflows.
- It will also expand NTT DATA's talent and recruiting pipeline to continue growing and upskilling its employee base.
- By joining NTT DATA, Acorio will gain the ability to support its clients with global delivery and an expanded portfolio and resources.

Key transactions in August (cont'd)

Overview	Target business description	Transaction rationale
<p>Aug -20</p>  <ul style="list-style-type: none"> Target country – Australia Deal size – NA EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2012, Kumolus is a cloud management software company. It offers a SaaS-based cloud management software that provides deep day-2 operations and continuous optimization for AWS and Azure environments. The company has customers in Australia, India, and Singapore. The company is headquartered in Melbourne, Australia. 	<ul style="list-style-type: none"> The acquisition strengthens CloudBolt's cloud management platform with a rich set of cost management, security, and governance capabilities, while positioning the company for rapid growth in APAC. The addition of Kumolus to CloudBolt aligns to the growing needs that enterprises will demand as they advance adoption of hybrid cloud. The acquisition comes on the heels of CloudBolt's SovLabs acquisition which was completed in June 2020.
<p>Aug -20</p>  <ul style="list-style-type: none"> Target country – United States Deal size – \$775m EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2014, Signal Sciences is a cybersecurity company. It provides a SaaS-based web application firewall (WAF) and run-time application self-protection (RASP) security solution. Select customers: Doximity, Vimeo, Eventbrite, Prezi, Datadog, Investing.com, Wework, Shutterstock, Mimecast, SendGrid The company is headquartered in Venice, CA. 	<ul style="list-style-type: none"> The acquisition will expand Fastly's robust security portfolio at a time when security at the edge has never been more critical. Signal Sciences' strong, developer-first web application and API protection solutions will bolster Fastly's existing security offerings to bring customers a unified edge security solution. Signal Sciences' technology combined with Fastly's current solutions will form Fastly's upcoming new security offering, Secure@Edge, which will be a modern, unified web application and API protection solution that will power and protect companies looking to further or begin their digital transformation.
<p>Aug -20</p>  <ul style="list-style-type: none"> Target country – United States Deal size – NA EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 1994, Innovative Systems is an enterprise software company. It is a leading provider ERP software solutions and electronic data interchange (EDI) mapping and transaction support services. It has customers in the apparel, footwear and accessories industries in North America. The company is headquartered in Laguna Hills, CA. 	<ul style="list-style-type: none"> This acquisition extends Aptean's industry-focused ERP capabilities to include the apparel, footwear and accessories verticals, adds strategic technologies and diversifies its customer base, while also providing the opportunity to leverage Innovative Systems' EDI Direct® service. This is Aptean's third acquisition this year after the acquisition of WorkWise, an ERP & CRM software company in June 2020 and DIN Solutions, a provider of ERP software solutions for the F&B industry in July 2020.

Key transactions in August (cont'd)

Overview	Target business description	Transaction rationale
<p>Aug -20</p>    <ul style="list-style-type: none"> Target country – India Deal size – NA EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2009, AxisRooms is a channel management and travel distribution company. Founded in 2014, RepUp is a guest experience management company and TripAdvisor content partner. Both companies operate in the travel & hospitality industries. AxisRooms is headquartered in Bangalore, India and RepUp is headquartered in Gurgaon, India. 	<ul style="list-style-type: none"> The three companies have entered into a three-way merger agreement that will combine platform capabilities to create a seamless, end-to-end solution for the hospitality industry. The three companies had partnered for several years prior to the merger announcement and share some common investors. Accel Partners, Vertex Ventures, Saama Capital and Seedfund are among the existing investors of the companies and are backing this merger. The terms of the three-way merger have not been disclosed.
<p>Aug -20</p>   <ul style="list-style-type: none"> Target country – Australia Deal size – \$11m EV / Sales – 0.6x 	<ul style="list-style-type: none"> Founded in 2000, Airloom is a cybersecurity company. It provides network, endpoint, application and cloud security services, as well as identity solutions and managed security services. Its clients include ASX top 50 companies. Partnerships: F5 Networks, Okta, CrowdStrike, Apple It is headquartered in Surry Hills, Australia. 	<ul style="list-style-type: none"> This transaction complements Tesseract's existing group of companies and is a strategic fit within its Cyber 360 go-to-market strategy. Airloom's customer roster of banking and Australian Securities Exchange (ASX)-listed clients will provide cross-sell opportunities for Tesseract. Tesseract will continue to purchase assets that build the firm's solutions in key markets, such as government, defence and critical infrastructure.
<p>Aug -20</p>    <ul style="list-style-type: none"> Target country – United States Deal size – \$300m EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2007, ReliaQuest is a cybersecurity company. It provides a cloud-based advanced cybersecurity managed service and intelligence platform. It has customers across verticals. Select customers: Abercrombie & Fitch, Campbell's, Carter's, American Fidelity, HealthEquity, Splunk, Southwest Airlines It is headquartered in Tampa, FL. 	<ul style="list-style-type: none"> This round of financing is led by leading global investment firm KKR, with participation from Ten Eleven Ventures and ReliaQuest founder and CEO Brian Murphy. The investment, which follows \$30m in growth equity from FTV Capital – who partnered with the firm in 2016 – will support ReliaQuest in accelerating the company's growth initiatives, including international expansion and platform development. KKR will be making the investment through its Next Generation Technology Growth Fund II, a fund dedicated to growth equity investment opportunities in the technology space.

Key transactions in August (cont'd)

Overview

Target business description

Transaction rationale

Aug -20

Cognizant



- Target country – United States
- Deal size – NA
- EV / Sales – NA

- Founded in 2014, Tin Roof Software is a custom software and digital product development services company.
- It provides software design, development, DevOps, and delivery services.
- **Verticals:** Telecom, media and entertainment, financial services, retail, hospitality, consumer products, travel, logistics, and transportation
- Its clients include Fortune 500 companies.
- It is headquartered in Atlanta, GA.

- The acquisition will expand Cognizant's software product engineering footprint in the U.S. and connect Tin Roof's experts with Cognizant's broader global software development capabilities.
- In 2018, Cognizant acquired Austin, Texas-based Softvision, a leader in developing custom digital products using unique collaborative engineering methods.
- Upon completion of the transaction, Tin Roof's experts will join Cognizant Softvision.
- Financial details were not disclosed.

Aug -20

ConvergeOne



- Target country – United States
- Deal size – NA
- EV / Sales – NA

- Founded in 1989, Altivon is a contact center solutions company.
- It provides solution design, deployment, support and ongoing improvement services.
- It provides services for the full portfolio of Genesys premise and cloud offerings.
- **Partnerships:** Genesys, Tekvision, Nuance, Emite
- It is headquartered in Phoenix, AZ.

- This acquisition further solidifies ConvergeOne's position as a leading provider of collaboration and IT-enabled solutions in the market today.
- Together, ConvergeOne and Altivon will provide customers with a strategically growing portfolio of services capabilities, a robust cloud offering, and a shared vision for collaboration solutions to meet customer needs.
- Altivon customers can leverage additional portfolio offerings including cybersecurity, SD-WAN and enterprise networking.

Aug -20

DYNAMIC QUEST



- Target country – United States
- Deal size – NA
- EV / Sales – NA

- Founded in 2005, Southern Data Solutions is a managed services company.
- It provides offers managed IT, disaster recovery and hosting services.
- Its clients include businesses and enterprises across verticals.
- c. 75% of the company's revenue is recurring with a strong customer base.
- The company is headquartered in Atlanta, GA.

- The transaction will enhance Dynamic Quest's market share in Georgia and provide the ability to cross-sell some services to SDS's customer base that are not currently offered.
- Dynamic Quest will look to leverage its infrastructure including its data center, centralized remote delivery team and sales and marketing initiatives to enhance service solutions for end clients and accelerate growth.
- This marks the fifth acquisition for Dynamic Quest since the formation of its partnership with Spire Capital in early 2018.

Key transactions in August (cont'd)

Overview	Target business description	Transaction rationale
<p>Aug -20</p>  <ul style="list-style-type: none"> Target country – United States Deal size – NA EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2017, BabbleLabs is a speech technology company. It uses advanced AI techniques to distinguish human speech from unwanted noise, enhancing the quality of communications and conferencing applications. It has partnerships with Amazon, Qualcomm, Nvidia, Intel and ARM. It is headquartered in Campbell, CA. 	<ul style="list-style-type: none"> This transaction furthers Cisco's commitment to deliver an exceptional video meeting experience from anywhere and on any device through the Webex application. It builds on Cisco's investments in AI technology and talent over the last three years - all designed to make collaboration more intelligent, secure, effective and productive. Upon completion of the transaction, the BabbleLabs team will join the Cisco Collaboration Group, led by Javed Khan, senior vice president and general manager, which is part of the Cisco Security and Applications Business, led by Jeetu Patel.
<p>Aug -20</p>  <ul style="list-style-type: none"> Target country – United States Deal size – NA EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2013, Node is an AI company. It provides an AI-powered platform that leverages CRM data and vast external sources to deliver an unparalleled level of predictability across a whole array of different business use cases. Select customers: Stack Overflow, Mixmax, Information Builders, Mitel, People Data Labs, Clearbanc It is headquartered in San Francisco, CA. 	<ul style="list-style-type: none"> The acquisition fuels Accel-KKR backed SugarCRM's time-aware CX platform by automatically forecasting expected outcomes and highlighting previously unforeseen challenges and opportunities. This acquisition is the latest in a series of innovations supporting SugarCRM's vision for the next frontier of high-definition customer experience (HD-CX) which began last year with the launch of Sugar's time-based, no touch CX solutions for sales, marketing and service teams.
<p>Aug -20</p>  <ul style="list-style-type: none"> Target country – United States Deal size – NA EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2004, Blue Chip Consulting is a cloud consulting company. It specializes in Microsoft cloud consulting and managed services. It is a Microsoft Gold Partner and Cloud Solution Provider. It is headquartered in Seven Hills, OH with additional offices in Columbus, OH, Cincinnati, OH and Louisville, KY. 	<ul style="list-style-type: none"> Blue Chip will significantly expand Core BTS' Azure capabilities while increasing the scale and reach of its already best-in-class Modern Workplace and Security practice. Together, the combined organization will provide clients with one of the most comprehensive Microsoft Cloud solutions portfolios in the market today. Jim Peelman, the CEO of Blue Chip, will lead the newly expanded Microsoft practice at Core BTS. This is the second Microsoft focused acquisition for Core BTS.

Key transactions in August (cont'd)

Overview	Target business description	Transaction rationale
<p>Aug -20</p>  <ul style="list-style-type: none"> Target country – United States Deal size – \$265m EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2015, Crypsis Group is a cybersecurity company. It provides incident response, risk management and digital forensics consulting services. It has over 1,700 clients across healthcare, financial services, retail, e-commerce and energy It was named one of the Top 10 Digital Forensics Services Companies of 2019 and 2020 by Enterprise Security magazine. It is headquartered in McLean, VA. 	<ul style="list-style-type: none"> The addition of The Crypsis Group's security consulting and forensics capabilities will strengthen Palo Alto Networks' Cortex XDR's ability to collect rich security telemetry, manage breaches and initiate rapid response actions. The company expects to integrate The Crypsis Group's processes and technology into Cortex XDR to further enhance its ability to safeguard organizations at every stage of the security lifecycle. The deal is expected to close during Palo Alto Networks' fiscal first quarter.
<p>Aug -20</p>  <ul style="list-style-type: none"> Target country – United States Deal size – NA EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2012, StratoZone is a cloud services automation software company. Its cloud services automation suite helps customers in cloud strategy assessment, migration and management. The company's software suite is developed, managed and supported by a team fully based in the United States. It is headquartered in Schaumburg, IL. 	<ul style="list-style-type: none"> Google executed this acquisition to aid clients in the cloud migration assessment and planning phases as the need to migrate to the cloud more urgent than ever due to businesses around the world being impacted by the pandemic. StratoZone's technology and expertise supports enterprises who are looking to accelerate their cloud migrations, helping discover, assess, and understand complex dependencies across workloads moving to the cloud. Financial terms of the deal were not disclosed.
<p>Aug -20</p>  <ul style="list-style-type: none"> Target country – United States Deal size – NA EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2019, GreenBay Technologies is an advanced AI and ML company. Its has developed three distinct and advanced capabilities in entity matching, schema matching, and metadata knowledge graphs. The company had received investment from Informatica in 2019, making it the sole investor in the company. It is headquartered in Madison, WI. 	<ul style="list-style-type: none"> The acquisition will strengthen the core capabilities of Informatica's AI-powered CLAIRE engine across its Intelligent Data Platform. With the acquisition, GreenBay Technologies will accelerate Informatica's vision for self-integrating systems that automatically infer and link target schemas to source data, enhance capabilities to infer data lineage and relationships, auto-generate and apply data quality rules based on concept schema matching, and increase accuracy of identifying sensitive data across the enterprise data landscape.

Appendix I:

Market multiples

Market valuation

Company	Market data					LTM Performance				Growth	Valuation multiples		
	Price \$	52 week High	Low	Market cap \$m	EV \$m	Revenue \$m	EBITDA \$m	Net income \$m	EBITDA margin	CAGR 3 years	EV / Sales	EV / EBITDA	P/E
Digital leaders													
EPAM Systems, Inc.	327.1	327.1	160.1	18,269	17,483	2,505	391	294	15.6%	24.9%	7.0x	44.8x	NM
Globant S.A.	177.6	184.1	72.7	7,025	6,762	730	115	52	15.7%	26.8%	9.3x	59.0x	NM
Average									15.7%	25.3%	8.1x	51.9x	NM
India - Large Cap													
Cognizant Technology Solutions Corporation	66.9	71.4	41.6	36,254	35,139	16,757	3,294	1,620	19.7%	5.8%	2.1x	10.7x	22.4x
HCL Technologies Limited	9.5	9.7	5.3	25,658	25,389	9,928	2,459	1,620	24.8%	11.5%	2.6x	10.3x	15.8x
Infosys Limited	12.6	13.0	6.9	53,631	51,230	12,770	3,121	2,343	24.4%	7.2%	4.0x	16.4x	22.9x
Tata Consultancy Services Limited	30.7	31.9	21.7	115,330	111,172	20,797	5,394	4,133	25.9%	4.4%	5.3x	20.6x	27.9x
Tech Mahindra Limited	10.1	11.8	6.4	8,799	8,170	4,941	685	536	13.9%	2.6%	1.7x	11.9x	16.4x
Wipro Limited	3.7	3.8	2.2	21,118	17,313	8,104	1,577	1,287	19.5%	(1.7%)	2.1x	11.0x	16.4x
Average									21.4%	5.1%	3.0x	13.5x	20.3x
India - Mid Cap													
Accelya Solutions India Limited	13.8	16.6	11.3	206	202	55	21	11	38.4%	(1.4%)	3.7x	9.6x	17.9x
Birlasoft Limited	2.2	2.4	0.7	603	532	454	50	32	11.0%	(4.7%)	1.2x	10.7x	19.1x
Cyient Limited	5.3	6.9	2.5	583	557	573	58	44	10.2%	0.4%	1.0x	9.5x	13.2x
Hexaware Technologies Limited	5.4	5.7	2.7	1,620	1,608	810	129	90	15.9%	11.4%	2.0x	12.4x	18.0x
L&T Technology Services Limited	21.3	24.3	13.3	2,228	2,171	749	136	97	18.1%	14.0%	2.9x	16.0x	23.0x
Larsen & Toubro Infotech Limited	33.5	34.5	16.9	5,837	5,483	1,502	268	209	17.8%	13.6%	3.7x	20.5x	27.9x
Mastek Limited	9.2	10.1	2.3	226	236	160	30	17	18.7%	18.7%	1.5x	7.9x	13.1x
Mindtree Limited	15.7	16.2	9.2	2,591	2,428	1,038	152	99	14.7%	8.9%	2.3x	16.0x	26.1x
Mphasis Limited	15.1	16.2	8.4	2,825	2,628	1,201	201	158	16.8%	8.4%	2.2x	13.1x	17.9x
COFORGE Limited	26.2	28.2	11.3	1,587	1,513	566	90	58	15.9%	8.8%	2.7x	16.8x	27.5x
Perficient, Inc.	42.9	53.2	21.8	1,427	1,583	582	83	37	14.3%	8.3%	2.7x	19.0x	38.4x
Persistent Systems Limited	13.1	14.7	6.1	1,003	869	493	65	46	13.1%	3.1%	1.8x	13.4x	21.8x
Sasken Technologies Limited	7.8	9.1	4.6	117	100	62	12	11	19.7%	(4.7%)	1.6x	8.2x	10.5x
Sonata Software Limited	4.1	4.9	2.1	431	403	506	48	34	9.6%	8.7%	0.8x	8.3x	12.5x
TAKE Solutions Limited	0.7	1.9	0.5	101	153	294	22	(2)	7.6%	12.3%	0.5x	6.8x	NM
Virtusa Corporation	39.5	49.7	20.8	1,196	1,512	1,294	105	43	8.1%	13.7%	1.2x	14.4x	27.8x
Zensar Technologies Limited	2.3	3.1	0.9	530	482	543	69	35	12.6%	4.9%	0.9x	7.0x	15.3x
Average									15.4%	8.7%	1.9x	12.3x	20.6x

Market valuation (cont'd)

Company	Market data					LTM Performance				Growth	Valuation multiples		
	Price \$	52 week High	Low	Market cap \$m	EV \$m	Revenue \$m	EBITDA \$m	Net income \$m	EBITDA margin	CAGR 3 years	EV / Sales	EV / EBITDA	P/E
Americas													
Accenture plc	239.9	243.0	143.7	152,643	150,178	44,547	7,221	4,950	16.2%	9.2%	3.4x	20.8x	30.8x
CGI Inc.	70.2	86.9	47.0	18,111	20,616	8,967	1,571	875	17.5%	2.5%	2.3x	13.1x	20.7x
DXC Technology Company	20.0	37.8	9.3	5,079	13,631	19,189	2,927	(5,737)	15.3%	20.7%	0.7x	4.7x	NM
Positivo Tecnologia S.A.	0.9	2.8	0.4	126	163	335	9	1.1	2.6%	(13.2%)	0.5x	19.0x	NM
Sonda S.A.	0.8	1.3	0.4	673	899	1,004	92	16	9.2%	(6.9%)	0.9x	9.7x	42.0x
The Hackett Group, Inc.	12.6	18.0	9.7	379	350	248	31	11	12.4%	(1.8%)	1.4x	11.4x	35.1x
Unisys Corporation	11.7	17.9	6.5	735	241	2,779	151	913	5.4%	0.5%	0.1x	1.6x	0.8x
Average									11.2%	9.8%	1.3x	11.5x	25.9x
Europe													
Alten S.A.	86.8	130.6	61.7	2,927	3,048	2,945	303	184	10.3%	16.9%	1.0x	10.1x	15.9x
Atos SE	86.7	89.5	48.4	9,344	11,839	12,909	1,542	555	11.9%	(3.1%)	0.9x	7.7x	16.8x
Aubay Société Anonyme	39.9	41.4	17.5	527	541	469	48	30	10.3%	10.8%	1.2x	11.2x	17.8x
Cancom SE	55.3	65.5	36.5	2,131	1,983	1,824	147	35	8.0%	14.3%	1.1x	13.5x	NM
Capgemini SE	138.7	139.8	62.2	23,464	25,410	15,851	2,026	961	12.8%	6.2%	1.6x	12.5x	24.4x
Capita plc	0.4	2.4	0.3	685	2,368	4,345	402	(93)	9.2%	(8.3%)	0.5x	5.9x	NM
Devoteam SA	116.8	116.8	55.8	968	983	855	91	47	10.6%	19.1%	1.1x	10.8x	20.8x
Indra Sistemas, S.A.	7.3	12.5	7.3	1,282	2,285	3,621	146	14	4.0%	4.3%	0.6x	15.7x	NM
Know it AB (publ)	25.8	25.8	10.7	496	476	367	35	26	9.6%	6.4%	1.3x	13.5x	19.4x
Sopra Steria Group SA	162.9	175.5	88.4	3,303	4,355	4,944	432	161	8.7%	4.9%	0.9x	10.1x	20.5x
TietoEVERY Oyj	30.1	34.1	19.0	3,568	4,747	2,648	212	62	8.0%	15.1%	1.8x	22.4x	NM
Average									9.4%	3.0%	1.1x	12.1x	19.4x

Company	Market data					LTM Performance				Growth	Valuation multiples		
	Price \$	52 week High	Low	Market cap \$m	EV \$m	Revenue \$m	EBITDA \$m	Net income \$m	EBITDA margin	CAGR 3 years	EV / Sales	EV / EBITDA	P/E
ITeS													
Conduent Incorporated	3.4	7.4	1.5	707	2,370	4,264	465	(697)	10.9%	(11.5%)	0.6x	5.1x	NM
ExlService Holdings, Inc.	63.7	79.6	42.8	2,186	2,196	977	131	71	13.4%	10.7%	2.2x	16.8x	30.7x
Firstsource Solutions Limited	0.8	0.9	0.3	583	744	553	65	45	11.7%	0.3%	1.3x	11.5x	13.1x
Genpact Limited	42.2	44.9	22.7	8,047	9,456	3,653	557	318	15.2%	11.7%	2.6x	17.0x	25.3x
Hinduja Global Solutions Limited	9.3	13.4	5.7	194	302	662	94	27	14.1%	5.0%	0.5x	3.2x	7.2x
StarTek, Inc.	5.0	8.3	2.8	201	429	639	47	(40)	7.4%	28.1%	0.7x	9.1x	NM
Sykes Enterprises, Incorporated	33.1	38.2	22.7	1,322	1,444	1,651	177	77	10.7%	2.5%	0.9x	8.2x	17.1x
TTEC Holdings, Inc.	56.7	59.5	27.7	2,649	3,108	1,742	235	99	13.5%	8.9%	1.8x	13.2x	26.7x
WNS (Holdings) Limited	66.4	75.2	34.6	3,305	3,279	922	153	104	16.6%	13.2%	3.6x	21.4x	31.8x
Average									12.6%	9.2%	1.6x	11.7x	21.7x

ABOUT US

Founded in 1987, The Chesapeake Group is an independent financial advisory company with over 30 years of history in helping clients – from venture stage to large corporations – achieve their corporate development goals. We are focused on the Technology and Software services sector with significant experience in cross – border transactions. Since our inception, we have advised numerous companies on mergers and acquisitions, capital raising, recapitalization, and strategic alliances. Headquartered in New York, with an additional office in Bangalore. Team of 10 professionals with an average experience of more than 30 years.

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